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Chairman: Ms. Wensley ..... (Australia)
Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. Mselle

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The meeting was called to order at 3 p.m.

Agenda item 124: Pattern of conferences (A/53/833 and A/53/919 and Add.1 and Add.2; A/54/7, A/54/32, A/54/176, A/54/208, A/54/221 and A/54/262)

1. **Mr. Van de Velde** (Chairman of the Committee on Conferences) introduced the Committee's report (A/54/32) covering its work in 1999. In preparing the draft biennial calendar of conferences and meetings for 2000-2001, contained in the annex to the report, the Committee had taken into account the provisions of General Assembly resolution 53/208 A with regard to the holidays of Id al-Fitr and al-Adha, and of paragraph 11 of the same resolution with regard to Orthodox Good Friday. The Committee recommended the draft biennial calendar of conferences and meetings for 2000-2001 for adoption by the General Assembly.

2. Under the subsection on the improved utilization of conference resources the Committee had considered a number of issues relating to the United Nations Office at Nairobi. One way to encourage the use of the conference facilities at Nairobi would be for the Committee on Conferences to hold one of its own sessions at the United Nations Office at Nairobi or at other duty stations away from Headquarters.

3. He had continued his consultations with the chairmen of those bodies that had consistently underused their allocated conference resources, and since the Committee's substantive session had held consultations with the Chairmen of the Advisory Committee on Administrative and Budgetary Questions, of the Special Political and Decolonization Committee (Fourth Committee) and of the Special Committee on the Charter of the United Nations and on the Strengthening of the Role of the Organization. At those meetings specific areas in which the utilization of conference services could be improved had been identified and appropriate recommendations made. They included cancelling meetings in a timely manner in order that resources thus released could be reassigned to another meeting, forecasting more accurately the number of meetings per session based on past practice, starting meetings on time and using any available allotted time for informal consultations. He looked forward within the next few weeks to meeting the President of the Economic and Social Council and the Chairman of the Committee on Information.

4. Regarding the improved coordination of conference services, the Committee on Conferences encouraged greater efforts towards a coordinated approach within conference services to provide efficient and effective services from all duty stations.

5. Turning to the control and limitation of documentation, he said that the Committee on Conferences had noted that the late issuance of documentation remained a constant problem which should be kept under review. It had reaffirmed, in its recommendation to the General Assembly, that if a report were submitted late to conference services the reason for the late submission should be included in a footnote to the document.

6. Under the sub-item on translation-related matters, the Committee had considered the report of the Secretary-General on the post of reviser (A/53/919/Add.1) and had expressed concern that the rate of self-revision had exceeded the benchmark and was tending to increase at all duty stations. Having seen an interesting demonstration of computer-assisted translation, the Committee on Conferences had suggested that a similar demonstration should be arranged for the members of the Fifth Committee.

7. Pursuant to General Assembly resolution 53/203 C, the Committee on Conferences had considered the report of the Secretary-General on the continuous development, maintenance and enrichment of United Nations Web sites (A/AC.198/1999/6) and looked forward to the further development of proposal C contained in the report, to be considered at a resumed session of the Committee on Information. The Committee on Conferences had also considered the question of access to the optical disk system in response to a concern raised regarding problems related to access at the United Nations Office at Vienna, and had decided to keep that item under review.

8. The Committee on Conferences recommended that the General Assembly should give careful consideration to the proposed programme budget for the biennium 2000-2001 for conference services and that the Secretary-General's report on the impact of economy measures on the delivery of mandated conference services (A/53/833) should be taken into account when the proposed programme budget for the Department of General Assembly Affairs and Conference Services for the biennium 2000-2001 was considered by the Fifth Committee. The Secretary-General had been requested to provide more specific data concerning the impact of anticipated productivity gains, particularly through the introduction of new technologies, on the need for temporary assistance. In that context, the Committee had emphasized that the use of temporary assistance and contractual translation services could increase the need for revision at the senior levels.

9. The Committee on Conferences had also taken note of the reports of the Secretary-General on career development in language services (A/53/919 and Add.1-2) and had requested the Secretary-General to finalize concrete proposals on a system of managed assignments based on career incentives and aimed at reducing excessive vacancy rates at some duty stations. It looked forward to the inclusion of the United Nations Office at Nairobi in any arrangement made to address the problem and in any report on the subject; the reports to be prepared should include additional information on the cost elements involved in the employment of freelance staff, recruited both locally and internationally.

10. The Committee on Conferences had reached consensus on the issue of the participation of observers in its work and had agreed to the procedure in paragraph 172 of its report.

11. Finally, the Committee had considered the draft medium-term plan for the period 2000-2005 related to conference services and had requested the Secretariat to update the list of General Assembly resolutions under programme 27 related to conference services, and recommended that its observations should be taken into account by the Secretary-General when submitting the final version of the proposed medium-term plan for programme 27.

12. **Mr. Jin Yongjian** (Under-Secretary-General for General Assembly Affairs and Conference Services) said that the Department of General Assembly Affairs and Conference Services had traditionally enjoyed a close relationship with the Fifth Committee and, through well-developed coordination arrangements with its secretariat, sought to provide all the services the Committee required for its deliberations.

13. Referring to the report of the Committee on Conferences, he said that it was not expected that the level of activity in the biennium 2000-2001 would be much different from the present one, although there was still considerable uncertainty about a number of events planned for the following two years, in particular the Millennium Summit.

14. The efforts made by the Committee on Conferences to improve the utilization of conference-serving resources was much appreciated; while the Secretariat tried to plan the allocation of those resources as efficiently as possible, the cooperation of bodies utilizing them was required in order to ensure that there was no wastage. There was really no efficient alternative to advance planning by the bodies concerned and disciplined adherence to the work schedules agreed on. In particular, the number of meetings held after 6 p.m. or on weekends in 1998 and 1999 had caused considerable organizational problems, as well as difficulties for delegations, and it might be appropriate to look into the causes of that development and to seek ways of containing it.

15. While he was gratified at the improving record of the Department of General Assembly Affairs and Conference Services in providing interpretation services to meetings of regional and other major groupings of Member States, he regretted that it had not been possible to meet all requests. The Committee on Conferences, in taking note of the report contained in document A/54/208 on that matter, had reiterated earlier recommendations designed to facilitate the servicing of such meetings. His Department considered, however, that further progress could only be made if a way were found of reserving conference-servicing capacities specifically for those activities.

16. The Committee on Conferences had quite properly devoted considerable attention to the utilization of conference facilities at Nairobi. His Department had continued to work closely with the Director-General of the United Nations Office at Nairobi and his colleagues on ways of encouraging increased utilization of the Nairobi conference centre. Without prejudice to current efforts to attract non-United Nations meetings, including private sector events, to Nairobi, he wished to underline the Committee's call to all bodies concerned to make better use of the conference facilities available there.

17. Having considered the report of the Secretary-General on the possibility of establishing a permanent interpretation service at the United Nations Office at Nairobi (A/54/262), the Committee on Conferences had requested a further, more comprehensive report on the issue. The report would go beyond the strictly budgetary approach taken in the current document and would attempt to evaluate the establishment of such a service as a factor in attracting users of conference services, and would include estimates of the income that might result from reimbursements for services provided to extrabudgetary or non-United Nations bodies meeting in Nairobi. While his Department was ready to produce the report requested, he pointed out that it would be largely speculative in nature since it would be based on expectations rather than projections. As requested, his Department would also address the political aspects of the proposal, taking into account, as far as possible, statements made in the Committee on Conferences and in the Fifth Committee.

18. Referring to the report of the Secretary-General on the provision of interpretation services to other locations from permanent interpretation structures in New York, Geneva, Vienna and Nairobi (A/54/176) he said that a full-scale pilot

project in remote interpretation conducted earlier that year between Vienna and Geneva had confirmed the technical and organizational viability of the system, although the working conditions of the interpreters who would use the new technology would need to be improved in order to minimize the additional stresses involved. Moreover, there was need to clarify the relative cost advantages; it appeared that remote interpretation would offer cost benefits in some areas but could be more costly than on-site services in others. It was also necessary to ascertain whether the high-quality sound needed for remote interpretation could be obtained if the satellite link had to be made directly to the conference site, without the benefit of a local ground station. A further pilot project would be conducted early in 2000, providing remote interpretation from Geneva for a meeting in Nairobi, in order to gather more information and refine the technology.

19. His Department had been actively engaged in developing closer and tighter coordination links among conference services in New York, Geneva, Vienna and Nairobi. The consolidation of the resources for conference services at Headquarters, in Geneva and in Vienna in the same budget section had opened the way for more frequent consultation and close cooperation among conference services managers, and the conference-servicing staff in Nairobi had also become part of the process. The Department was now planning to establish closer connections with conference-servicing units in the regional commissions and, beginning in 2000, would convene annual meetings of conference services managers to work out cooperation arrangements, set goals and standards, identify best practices and assist each other to provide Member States at every location with the best possible conference services.

20. A further aspect of coordination was the annual Inter-Agency Meeting on Language Arrangements, Documentation and Publications, which had become an invaluable forum for the exchange of information and the sharing of experience in conference-servicing matters between organizations in the United Nations system and other intergovernmental organizations. Such coordination was particularly important in an age of rapidly developing technology.

21. The Committee on Conferences had once again addressed the question of the late issuance of documentation, considering it in relation to the utilization of conference services and taking note of a statistical observation by the Secretariat that, when all documents were issued by the opening of the session, an organ was three times more likely to have a high utilization factor than to have one below the benchmark. As a result of the efforts of the focal points for documentation designated by all Secretariat departments, more coordinated planning at the initial stages of document preparation and more active coordination with Committee secretariats, there had been some progress on that front and the submission of pre-session documentation for the current session of the General Assembly had shown a slight improvement over the previous session. Nevertheless, by 31 July, the deadline by which all the documentation for the session should have been issued, only 27 per cent of the documents announced had been submitted to his Department for processing. In making that observation he did not wish to assign responsibility for the late issuance of documents, and acknowledged that it was often not possible to submit a document for processing ten weeks before the opening of the session for which it was intended; equally, it was generally not possible for the processing services to make up for the late submission.

22. Another recent technological breakthrough in conference-servicing working methods had been the introduction of off-site verbatim reporting, whereby statements made in conference rooms were recorded, compressed and sent electronically to reporters working at home anywhere in the world, who drafted the records and sent them back electronically for publication, thus greatly reducing the need for on-site temporary staff for that function.

23. In the translation area, new technological advances had also been made with the introduction of computer-assisted translation, in which translators were currently being trained. As its use expanded, it was expected to provide benefits in terms of enhanced quality, greater consistency in terminology and, ultimately, increased productivity. His Department remained at the disposal of the Fifth Committee to arrange a demonstration of the technology as suggested by the Chairman of the Committee on Conferences.

24. The Committee on Conferences had called for concrete proposals on a system of managed assignments based on career incentives aimed at reducing the excessive vacancy rates in language services at some duty stations. As a matter that involved personnel policies, his Department was working on it in close consultation with the Office of Human Resources Management and had already prepared a set of suggestions which OHRM was considering.

25. In conclusion, he said that the Committee on Conferences had made a number of observations on the proposed programme budget for conference services for 2000-2001; the budget proposals attempted to strike a careful balance between the need to ensure a servicing capacity commensurate with the demands of the intergovernmental

machinery, together with an appropriate level of quality, and the need to maximize cost-efficiency in the face of fluctuating and unpredictable workloads.

26. **Mr. Lähdesmäki** (Finland), speaking on behalf of the European Union, the associated countries Bulgaria, Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Romania and Slovenia, and, in addition, Norway, said that the European Union fully agreed with the observations and recommendations contained in the report of the Committee on Conferences, felt that full use should be made of those recommendations, together with the earlier recommendations of the Fifth Committee, and hoped that the negotiations in the Fifth Committee would lead to a short and concise resolution.

27. The European Union endorsed the request of the Committee on Conferences for additional information before a decision was taken on questions relating to the complementarity of cost-saving measures and resource allocations so as to allow for the full implementation of mandated activities. All duty stations should be treated equally, taking into account the actual utilization of conference facilities.

28. The European Union supported the request for detailed proposals on the utilization of conference facilities at the United Nations Office at Nairobi. The study should cover possible uses by non-United Nations entities, including the private sector, and provide a cost-benefit analysis that would take into account, for example, estimates of reimbursements for interpretation services provided to extrabudgetary or non-United Nations entities. He also requested a cost-benefit analysis of the establishment of a full permanent interpretation service at the United Nations Office at Vienna.

29. The European Union endorsed the endeavours of the Secretariat to seek technologically advanced and cost-effective solutions and would like to see a more detailed study on the cost considerations of remote interpretation, including the relative cost advantages of the different conference centres that might provide remote interpretation services.

30. Referring to the rate of self-revision, which had significantly exceeded the established benchmark figure of 45 per cent and was tending to increase at all duty stations, he said that the European Union endorsed the recommendation of the Committee on Conferences that training opportunities should be available to all language staff, including those at duty stations away from Headquarters, and recognized that an increase in the use of temporary assistance and contractual translation services could increase the need for revision at the senior levels in order to ensure translation of high quality. The European Union would welcome further information from the Secretariat on how the current trend in self-revision might be reversed.

31. The European Union was concerned about the current deficiencies in the mobility of language staff and, in view of the continued high vacancy rates at small duty stations, agreed that the current system of voluntary acceptance of assignments at duty stations away from Headquarters was not working. High vacancy rates in conference services might result in recourse to expensive employment of freelance staff, and the European Union therefore requested the Secretary-General, by the end of the main part of the fifty-fourth session, to finalize concrete proposals on a system of managed assignments based on career incentives.

32. **Mr. Theophylactou** (Cyprus) said that he endorsed the statement made by the representative of Finland on behalf of the European Union. His delegation attached great importance to the item, not least because results-oriented meetings depended on high-quality conference services. It therefore supported the Secretariat's continuing efforts to improve conference services and endorsed the recommendations by the Committee on Conferences; in particular, the application of new technologies was a sine qua non of cost-effectiveness.

33. Although new technologies were regarded as cost-saving measures they were themselves costly, and the equitable treatment of all official languages required a great deal of resources. More must be invested now to achieve savings in the future while addressing the needs of all States and ensuring that the least developed States were not marginalized.

34. Although States were using new technologies unevenly, there had been explosive growth in electronic communications and use of the United Nations Web site. His delegation commended the Department of Public Information (DPI) on its efforts to expand the use of new technology while improving its use of traditional media. The increasing demand for multilingual Web pages required additional resources, and further improvements were desirable, particularly in the system's search capability and the availability of official documents. The use of new technology to provide real-time Internet coverage of conferences was of great interest. He hoped that the trend would continue so that the widest possible audience could follow conference proceedings.

35. His delegation had previously raised the worrying issue of the abuse of the issuance of official United Nations documents by the Turkish delegation, which systematically

circulated letters from the self-declared "Turkish Republic of Northern Cyprus" (TRNC) under Turkey's own insignia. Such a practice was totally unacceptable and created a dangerous precedent, as well as violating United Nations resolutions on Cyprus and causing the Organization additional costs. Immediate action should be taken to halt the issuance of such letters as official documents. The Fifth Committee was the appropriate body to deal with what was a critical issue.

36. **Ms. Bentley-Anderson** (United States of America) said that her delegation applauded the consultative approach used over the past year to evaluate conference services, for it ought to lead to the best use of conference resources. Impartial, universally applicable standards allowed for a neutral and effective evaluation of service delivery. By using the standards established in other locations the Secretariat would be in a better position to evaluate capacity and the use of services in Nairobi.

37. The report of the Committee on Conferences described a good attempt at achieving an impartial balance between the capabilities of the various service centres and the demands placed on them. However, her delegation had agreed only reluctantly to participation by observers in the Committee's meetings and it hoped that the Committee's very important work would not be slowed down by that innovation. The Committee on Conferences had made good progress in establishing measurable standards for setting obtainable goals. Her delegation looked forward to future progress reports on the implementation of that initiative.

Agenda item 125: Scale of assessments for the apportionment of the expenses of the United Nations (A/54/11)

38. **Mr. Etuket** (Chairman of the Committee on Contributions), introducing the report of the Committee on Contributions on its fifty-ninth session (A/54/11), said that the Committee had reviewed the elements of the methodology for preparation of future scales of assessment with a view to submitting a consolidated set of recommendations to the General Assembly at the current session.

39. The Committee on Contributions had earlier concluded that gross national product (GNP) was conceptually superior to gross domestic product (GDP) as a first approximation of capacity to pay and that differences in the availability and reliability of GNP data, as against GDP data, would not significantly affect the reliability of assessment rates. It now reaffirmed its earlier recommendation that future scales should be based on estimates of GNP.

40. The preparation of the scale was based on data provided by Member States in their replies to the National Accounts Questionnaire. A significant number of States had not yet replied to the 1997 Questionnaire. The Committee on Contributions had urged Member States to return the 1998 Questionnaire as soon as possible to provide data for the scale for the period 2001-2003.

41. The Committee on Contributions also reaffirmed its earlier conclusion that the base period should be a multiple of the scale period, so that data from some years would not be used more frequently than data from others. In the long run the base period should be kept constant in successive scale periods. Views had differed on the length of the base period: a shorter period would use only the most recent income data and therefore reflect more closely current capacity to pay; a longer period would smooth out year-to-year fluctuations in income and secure greater stability between scales, as well as ensuring the use of more reliable data.

42. The question of the conversion rates to be applied to GNP data would be kept under review. Meanwhile the Committee had reaffirmed that market exchange rates (MERs) should be used except where they would cause excessive fluctuations or distortions, when price-adjusted rates of exchange (PAREs) or other appropriate conversion rates should be used instead. The Committee had agreed to use more systematic criteria in deciding which rates to use.

43. Views had differed on whether the debt-burden adjustment should remain part of the scale methodology and on whether it should be based on actual principal repayments (the debt flow approach) or on a proportion of total debt (the debt stock approach). The Committee had reaffirmed its recommendation that the adjustment, if retained by the General Assembly, should be based on debt flow data.

44. The Committee on Contributions had also reaffirmed the importance of the principle of an adjustment for low per capita income, although some members had felt that the current size of the adjustment was excessive. It had considered a number of alternative approaches, including a further reduction of the gradient and the application of "sliding gradients" for States below the adjustment threshold. Other members had supported the existing arrangement and objected to any discrimination against low-income countries with large populations.

45. The Committee had also considered the discontinuity experienced by States moving up through the adjustment threshold between scale periods and by States just above the threshold. For the first group the combined effect of losing the adjustment and having to contribute to the cost of the

adjustment for States still below the threshold tended to produce large scale-to-scale increases. Although the situation currently affected only one State, the Committee had concluded that it was inequitable. The discontinuity was the result of a decision by the General Assembly to distribute points resulting from the application of the adjustment only to States above the threshold. The Fifth Committee might wish to consider whether the scale methodology should be changed to eliminate or mitigate the effects of the discontinuity.

46. The General Assembly had decided to reduce the minimum assessment rate (floor) to 0.001 per cent in the current scale and had recommended that it should be maintained at that rate in the next scale. Under resolutions 48/223 B and 52/215 A the effects of the scheme of limits would be fully phased out during the current scale period. The current methodology included a maximum assessment rate (ceiling) of 25 per cent, currently applied to only one State, and a maximum rate for the least developed countries of 0.01 per cent, currently applied to two States. The Committee's terms of reference provided that if a ceiling was imposed it should not seriously obscure the relation between a nation's assessed contribution and its capacity to pay. Views had differed about the applicability and the levels of ceiling rates. The Committee had decided to consider the question of the annual recalculation of the scale at a future session, should the General Assembly decide to provide guidance in that regard.

47. Accordingly, while the Committee on Contributions had been unable to make recommendations on all the elements of a methodology for the next scale of assessments, the few outstanding areas were well-defined: length of the base period; reduction or change in the low per capita income adjustment and the problem of discontinuity; debt-burden adjustment; and retention and rates for the ceilings. At the present stage of the scale cycle the General Assembly normally provided guidance on the parameters to be used for the next scale. The Fifth Committee might therefore wish to focus on the outstanding areas with a view to agreeing on recommendations to assist the General Assembly.

48. In the context of its review of the procedural aspects of the consideration of requests for exemption under Article 19, the Committee on Contributions had emphasized the importance of the obligation to pay all assessed contributions in full and on time and the need to apply a stringent standard to requests for exemption. The Committee must be provided by the States concerned with timely and full information so as to ensure a fair and consistent approach. A notice to that effect and a deadline for the submission of requests was published in the *Journal* before the Committee's regular sessions.

49. During its earlier consideration of the matter the Committee had identified a problem of timing: Article 19 was applied at the beginning of each year but the Committee normally met in June, so that a State might be without a vote from 1 January until the General Assembly acted on the Committee's recommendation, even if it ultimately decided in favour of the State in question. The Committee had concluded that there was no ideal way to deal with the problem.

50. A second problem of timing related to the time lag between the adoption of recommendations by the Committee on Contributions and action thereon by the General Assembly. In future the Committee would submit such recommendations to the Assembly at its current session so as to permit the earliest possible action. He had therefore conveyed to the Assembly before the end of its fifty-third session the Committee's recommendations on requests for exemption under Article 19 (A/C.5/53/64).

51. A third problem of timing related to the role of the Committee on Contributions under rule 160 of the rules of procedure of the General Assembly when requests for exemption were received after the Committee's regular session. Of the possible options, only special sessions had been deemed acceptable. States likely to fall under Article 19 on 1 January were so warned in November or December of the preceding year and thus had at least six months before the Committee's June session in which to request an exemption. The Committee recommended that the General Assembly should encourage all States intending to submit requests for exemption to do so before the Committee's regular session. The Fifth Committee might wish to specify a deadline, perhaps two weeks before the regular June session.

52. The Committee on Contributions understood that the reference in General Assembly resolution 53/36 C to "tightening the application of Article 19" applied to changes in the current procedures which would decrease the amount of past due contributions triggering the loss of voting rights. At its fifty-eighth session the Committee had considered further two proposals which would accelerate the application of Article 19: applying it more often or at a different time, and changing the definition of "the amount of the contributions due ... for the preceding two full years" from gross to net assessments. Any change in the date of the application of Article 19 would require a redefinition of "arrears" in the Financial Regulations and Rules. Such a change would also have an impact on other issues, including

requests for exemption. The Committee had decided to consider those questions further at a future session in the light of any guidance from the General Assembly. Meanwhile it had noted the recent changes in the scale due to factors such as the phasing-out of the scheme of limits and the reduction of the floor and recommended that, if the General Assembly decided to tighten the application of Article 19, the related measures should not be implemented before 2001.

53. Implementation of most of the measures discussed by the Committee on Contributions to encourage the timely, full and unconditional payment of assessed contributions would give a States's payments status much greater significance than at present. If any of the measures was adopted, clear and practical rules and standards must be set to define arrears and the timely payment of contributions. Some of the proposed measures raised complex technical issues requiring further study before specific proposals could be submitted to the General Assembly, but such study should be undertaken only if mandated by the Assembly.

54. Turning to the specific requests for exemption under Article 19 submitted to the Committee at its fifty-ninth session, he said that the announcement requesting submission of such requests had appeared in the *Journal* from 3 to 28 May. On 7 June the Committee had set a deadline of 11 June so that it could collect and consider information during the last week of its substantive work, from 14 to 18 June. That decision had been published in the *Journal* from 8 to 11 June. Following the first announcement requests had been received from Bosnia and Herzegovina and the Republic of Moldova, and following the second from the Comoros and Tajikistan. The General Assembly had endorsed the Committee's recommendations on those four requests in resolution 53/36 F. The Committee had had insufficient time to consider the request from Georgia received on 18 June — the last day of its substantive work. The effective discharge of the Committee's responsibilities under rule 160 required the full cooperation of all concerned, including States requesting exemptions.

55. Four of the five requests were for extension of exemption, with two of the four States having been exempted since 1996. The Committee had urged those States to make some payment, even during the period of their exemption, so as to reduce their arrears. Payments had recently been made by Bosnia and Herzegovina and Tajikistan; Honduras, for which the Committee had recommended an exemption, had already paid the minimum amount necessary to avoid the application of Article 19. The General Assembly had also adopted resolution 53/36 G on a further request for exemption from Georgia. The Committee on Contributions considered that it was unable to consider requests for exemption or decide on recommendations to the General Assembly except at a formal meeting. He had informed the President of the General Assembly by a letter dated 30 August that the Committee would take up Georgia's request when it next met; his letter had also been transmitted to the Chairman of the Fifth Committee (A/53/1046).

56. In resolution 53/36 E the General Assembly had requested the Committee to consider further the view that non-member States should not be assessed only on the basis of their participation in United Nations activities but that account should also be taken of the benefits they thus enjoyed. One possibility would be to apply a fixed flat annual fee proportion in calculating the annual assessments. The Committee had decided to consider the question further at its sixty-first session in 2001. New information had been received from the Holy See indicating a significant increase in its participation in United Nations activities. The Committee therefore recommended that the flat annual fee proportion for the Holy See's assessment should be increased from 10 to 25 per cent. It had urged the two States with outstanding non-member assessments to pay the amounts due as soon as possible.

57. The issue of the assessment of new Member States was not addressed in the Committee's report. Kiribati and Nauru had applied for membership, but the procedure had not been completed before the end of the Committee's fifty-ninth session, and Tonga had submitted its application by a letter dated 8 July. In its resolutions 54/1, 54/2 and 54/3 the General Assembly had admitted those three States to membership in the United Nations. At its fifty-seventh and fifty-eighth sessions the Committee on Contributions had considered the national income and population data for the three States in the context of its review of the assessment of non-member States. In accordance with the Committee's recommendations the General Assembly had approved a notional assessment rate of 0.001 per cent as the basis for the calculation of their flat annual fees for 1999 and 2000. The Fifth Committee might wish to recommend to the General Assembly that the three new Members should be assessed on the basis of that rate.

58. By its decision 47/456 the General Assembly had decided to allocate one twelfth of a new Member's rate of assessment per full calendar month of membership as the basis of assessment for the year of admission. If the General Assembly approved a prorated assessment for 1999, the new Members would be credited with a corresponding proportion of their non-member assessments for 1999. Their rates of assessment for 2000 would be added to the scale for 2000 and then incorporated in a 100 per cent scale to be approved

by the General Assembly in 2000 for the period 2001-2003. The regular budget contributions of the new Members would be assessed on the same basis as those of other States. Their assessments for the International Tribunals for Rwanda and the Former Yugoslavia should presumably be treated in the same manner as those for the regular budget. Advances would be payable by the three States to the Working Capital Fund under financial regulation 5.8; they would be calculated by applying the rate of assessment in effect during their first full year of membership to the authorized level of the Fund and would then be added to the Fund pending the incorporation of their rates in a 100 per cent scale.

59. As indicated in paragraph 120 of the report, at the conclusion of the Committee's fifty-ninth session 24 Member States had been subject to the provisions of Article 19 with no vote in the General Assembly, and eight States had been in arrears under Article 19 but with permission to vote. Cambodia, exempted until 30 June 1999, had subsequently paid the amount necessary to avoid application of Article 19, and the Republic of Moldova had been granted permission to vote until 31 December 1999. Ten of the 24 States had made the payments necessary to avoid the application of Article 19. Following those payments and the action by the General Assembly on requests for exemption, 13 Member States were currently subject to Article 19 and had no vote in the General Assembly: Burundi, the Central African Republic, the Democratic Republic of the Congo, Iraq, Kyrgyzstan, Liberia, Mauritania, Niger, Sao Tome and Principe, Seychelles, Somalia, Vanuatu and Yugoslavia. Bosnia and Herzegovina, the Comoros, the Republic of the Congo, Georgia, Guinea-Bissau, Nicaragua, the Republic of Moldova and Tajikistan were subject to Article 19 but currently permitted to vote.

60. Pursuant to General Assembly resolution 52/215 A the Secretary-General had accepted the equivalent of US$ 2.2 million in eight non-United States dollar currencies acceptable to the Organization in 1998 for settlement of assessed contributions.

61. **Mr. Holbrooke** (United States of America) said that it was time to embark on a new round of comprehensive and meaningful reforms of the scales of assessments for peacekeeping operations and for the regular budget to reflect new realities. In connection with that issue, his Government acknowledged the need to pay its arrears to the Organization and understood the negative consequences of its large debt, particularly at a time when the United Nations was working to address critical situations around the world. However, the United States still made the largest overall contribution to the United Nations. He would convey the Committee's comments to the executive and legislative branches of his Government, and hoped that the United States would have paid its arrears by the time the Committee took decisions on the next scale of assessments.

62. The United Nations, the world and the distribution of the world's resources had changed a great deal since 1974, when the ceiling for the regular-budget scale had last been reduced. The Committee should devise clear, unambiguous and consistent parameters for the new scale of assessments to be adopted at the fifty-fifth session. The ceiling for the regular-budget scale should be reduced from 25 to 22 per cent. Although some argued that the ceiling was inconsistent with the principle of capacity to pay, it was unwise for the Organization to depend disproportionately on a single country or handful of countries; the proposed three-per-cent reduction was both reasonable and overdue.

63. The methodology for calculating assessments for peacekeeping operations had been adopted in 1973. The lack of an official and permanent peacekeeping scale was extraordinary in view of the expansion of peacekeeping activities. It was time to formalize the apportionment of those costs, in line with Article 17 of the Charter. Peacekeeping assessments often represented over half of a country's total United Nations assessment and accounted for most of the arrears owed to the Organization. He was not suggesting that the structure of the current methodology should be dismantled; that structure could be retained as part of a package of reforms of the entire scale.

64. **Mr. Insanally** (Guyana), speaking on behalf of the Group of 77 and China, said that the resources provided to the Organization must be commensurate with its mandates and that the Member States had a legal obligation to bear those expenses as apportioned by the General Assembly. In the adjustment of the scale of assessments, any deviation from the principle of capacity to pay was unacceptable. The Committee on Contributions should continue to consider the elements of the scale methodology with a view to making recommendations to facilitate the work of the Fifth Committee, in accordance with its term of reference and role as an expert advisory body.

65. The low per capita income adjustment and the debt-burden adjustment should be retained as integral parts of the scale methodology. The gradient should be revised from 80 per cent to the highest possible level to make the scale more equitable. The scale should incorporate ways of mitigating the effects of discontinuity for developing countries that had crossed or were crossing the low per capita income threshold. Income should be measured on the basis of GNP. He supported the conclusion of the Committee on Contributions that market exchange rates (MERs) should be

used except where they would cause excessive fluctuations or distortions in the income of some Member States.

66. The floor should remain at its current level of 0.001 per cent. The question of the ceiling should be reviewed, bearing in mind that the ceiling should not obscure the relation between a country's capacity to pay and its rate of assessment. Since the current ceiling of 25 per cent already represented a departure from the principle of capacity to pay, it should not be lowered any further. For similar reasons, it would be improper to introduce an element for permanent members of the Security Council. The proposed annual recalculation of the scale was not in conformity with the original terms of reference of the Committee on Contributions, which had found the proposal to be impractical. It therefore should not be pursued further by the Committee on Contributions or the Fifth Committee.

67. Since the Committee on Contributions had been unable to submit specific recommendations on the procedural aspects of the application of Article 19 of the Charter, the Group of 77 and China accepted the need to consider sympathetically requests for exemption from countries that were experiencing genuine economic difficulties. The General Assembly should continue to examine ways of expediting the consideration of such requests. He reaffirmed the role of the General Assembly with respect to Article 19 and the advisory role of the Committee on Contributions under rule 160 of the General Assembly's rules of procedure.

68. The Organization's chronic financial problems were not linked to the scale methodology. They could not be solved unless Member States, particularly the major contributor, took action to settle their arrears and honour their Charter obligations by paying their assessments in full, on time and without conditions. Any unilateral attempt to change the approved scale of assessments would contravene the provisions of the Charter and would therefore be unacceptable. Lastly, since the agenda item under consideration was not related to the budget for peacekeeping operations, the deliberations should focus on the scale for the regular budget. Therefore, the proposals referred to in paragraphs 69 to 74 of document A/54/11 should not be pursued at the current stage.

69. **Mr. Sareva** (Finland), speaking on behalf of the European Union, the associated countries Bulgaria, Cyprus, the Czech Republic, Estonia, Hungary, Malta, Romania and Slovenia and, in addition, Iceland, said that it was necessary to devise a more equitable, stable, simple and transparent scale of assessments based on reliable, verifiable and comparable data and reflecting each Member State's real capacity to pay.

70. He agreed with the Committee on Contributions that gross national product (GNP) should be used as a first approximation of the capacity to pay. A three-year base period would best ensure the needed correlation between current capacity to pay and assessment rates. Annual automatic recalculation of the scale was needed to eliminate excessive fluctuations and to ensure that contributions reflected current capacity to pay. Market exchange rates (MERs) should continue to be used to the extent possible; he welcomed the intention of the Committee on Contributions to consider more systematic criteria and approaches to deciding when MERs should be replaced for the purposes of preparing the scale. Since GNP adequately reflected the actual cost of debt servicing, no further adjustment for external debt was needed. The low per capita income adjustment should be retained, but brought down to a more equitable level so that it would not distort the principle of capacity to pay. The current ceiling of 25 per cent should be retained, as it already reduced the major contributor's assessment considerably below its share of world GNP.

71. He favoured the most stringent application of Article 19 of the Charter and attached great importance to the role of the Committee on Contributions under rule 160 of the General Assembly's rules of procedure. Since the practice of paying only just enough to retain or regain a vote in the General Assembly was inconsistent with the Members' Charter obligations and left countries vulnerable to the loss of their vote owing to unforeseen circumstances, he urged all Member States to pay all their assessments on time. Measures to tighten the application of Article 19 could include the semi-annual calculation of arrears and application of Article 19, as well as the comparison of arrears with the amount actually assessed and payable for the preceding two full years; that "net" approach would better reflect the true position of Member States' payments. The measures discussed by the Committee on Contributions to encourage the prompt payment of all assessments were a welcome addition to the incentives and disincentives, such as those concerning recruitment and procurement, proposed previously by the European Union. Lastly, he had taken note of the General Assembly's decision to place under agenda item 151 the request of one Member State for relocation to group C in the scheme for the apportionment of the costs of peacekeeping operations.

72. **Mr. Vermeulen** (South Africa), speaking on behalf of the Non-Aligned Movement, said that he fully supported the statement made on behalf of the Group of 77 and China. The position of the Non-Aligned Movement was that capacity to pay must be maintained as the fundamental

criterion for the apportionment of the Organization's expenses. The scale of assessments for the period 1998-2000 had taken the economic conditions of the developing countries into consideration. Any unilateral attempt to modify the scale through conditionalities contrary to the principles of the United Nations was unacceptable and would be resisted by the Movement. A reduction of the ceiling on regular-budget contributions was also unacceptable, as it would distort the principle of capacity to pay.

73. **Mr. Haque** (Pakistan) said that his delegation associated itself with the statements made on behalf of the Group of 77 and China and on behalf of the Non-Aligned Movement. In accordance with its original terms of reference, the Committee on Contributions should make concrete recommendations on the methodology for determining the scale of assessments, with a view to making it objective and equitable, and should take into account the problems of developing countries, such as their difficulties in earning foreign exchange and the economic strain of taking in refugees.

74. In 1948, the General Assembly had taken a political decision to impose a ceiling on the scale of assessments. Any review of the ceiling should take political and economic realities into account, but should not lose sight of the principle that the ceiling should not seriously obscure the relation between a nation's contribution and its capacity to pay. He regretted that the Committee on Contributions had been unable to maintain its tentative agreement on a six-year base period, and agreed that the base period should be kept constant in successive scale periods, since the capacity to pay normally did not fluctuate wildly from year to year. A constant base period would not create undue financial difficulties for Member States.

75. The low per capita income adjustment was of particular significance to developing countries and was still necessary in the scale methodology. The current gradient of 80 per cent should be revised upward to provide a realistic and equitable assessment of capacity to pay. The debt-burden adjustment should also be maintained, since external debt was the main financial and budgetary constraint for many developing countries and, in some cases, had been aggravated by their stagnant or declining foreign exchange earnings. The proposal for the annual recalculation of the scale was neither practical nor advisable, in the light of rule 160 of the General Assembly's rules of procedure and owing to the problems highlighted by the Committee on Contributions. He agreed with the latter that GNP estimates provided by Member States should be used as the basis for income calculations, and urged all Member States to provide such information regularly. He shared the view of the Committee on Contributions that MERs should normally be used for the purposes of the scale, and endorsed the recommendation that the minimum assessment rate for the period 2001-2003 should remain at 0.001 per cent.

76. The Committee on Contributions had been unable to formulate concrete recommendations on the procedural aspects of the consideration of requests for exemption under Article 19 of the Charter. In his view, rule 160 of the General Assembly's rules of procedure, read in conjunction with Article 19, provided the necessary guidelines for addressing the issue. In view of the practical difficulties mentioned by the Committee on Contributions, that body should no longer pursue the question. Instead, the Fifth Committee could consider adopting guidelines and procedures to facilitate the consideration of requests for exemption, such as deadlines for their submission and details on the information to be included. Moreover, the Committee on Contributions should continue to consider measures to encourage the timely, full and unconditional payment of contributions. However, the proposals concerning redeemable peacekeeping certificates and reimbursements to Member States that participated in peacekeeping operations were, at best, questionable. The United Nations should not enter into the business of floating redeemable bonds and certificates.

77. **Mr. Gjesdal** (Norway) said that the challenge before the Fifth Committee was of a political nature, since it stemmed from differing interests in the elements of the scale methodology. Capacity to pay must remain the fundamental criterion for determining assessment rates. It had become difficult to judge the fairness of the scale, owing to the complexity of the methodology that had evolved over the years. His delegation therefore supported a "clean slate" approach that included a strong and fair relief mechanism for countries with below-average per capita income. Although that approach had never been adopted, the reforms introduced for the last two scales had resulted in a slightly more equitable distribution of the Organization's expenses. However, the opacity of the method used to determine membership dues negatively affected the public's perception of the United Nations.

78. Recent economic developments might strengthen the appeal of some of the financial and methodological reform proposals put forward previously by the European Union, such as the reduction of the base period to three years. The pros and cons of retaining a ceiling as high as 25 per cent should be considered carefully, but only in the context of an overall financial settlement that dealt with arrears. In considering ways to make the new draft scale more transparent and equitable, Member States should bear in mind the benefits they enjoyed as Members of the United

Nations and should be guided by a spirit of generosity and a sense of proportion. Norway's voluntary cash contributions to the United Nations system were more than 10 times the amount of its assessed contributions for the regular budget and for peacekeeping operations.

79. The Fifth Committee should agree, during the main part of the fifty-fourth session, on the guidance to be given to the Committee on Contributions and should not request the latter to draft multiple scales reflecting various preferences as there were advantages in not doing so: postponing the issue created practical difficulties; it was easier to reach consensus on only one draft scale; the renewed emphasis on a particular element of the methodology would require a focusing of creativity; and basing a variety of proposed scales on currently available information might not provide very meaningful insights. All Member States should respond to the 1998 National Accounts Questionnaire as soon as possible.

80. It would be desirable and feasible to introduce in the United Nations some of the long-standing practices followed by other organizations to improve financial discipline. For example, the International Telecommunication Union and the Universal Postal Union levied interest on the arrears of their members, and the Food and Agriculture Organization of the United Nations, the World Meteorological Organization and, to some extent, the International Maritime Organization placed limitations on the eligibility of members in arrears for election to certain bodies. Of course, the need for such measures would not arise if Member States honoured their treaty obligation to pay their assessed contributions in full, on time and without conditions.

81. **Mr. Awori** (Uganda), speaking on behalf of the members of the East African Cooperation (Kenya, Tanzania and Uganda), expressed the hope that the Committee on Contributions would be able to reach agreement on most of the outstanding issues so that the General Assembly could take informed decisions on all the elements contained in its report. The Committee must maintain its status as a body of independent experts and make recommendations on the issues before it based on technical rather than political grounds.

82. Since its introduction, adjustments had been made to the scale methodology so that it would better reflect the principle of capacity to pay. The failure of those adjustments to fully satisfy Member States, however, remained one of the primary reasons for the protracted negotiations on the scale both in the Fifth Committee and in the General Assembly. The members of the East African Cooperation wished to reaffirm the principle of capacity to pay as the fundamental criterion for the apportionment of the Organization's expenses.

83. Consensus on the scale would remain difficult to achieve, however, unless Member States mustered the political will to reconcile their conflicting positions on what constituted capacity to pay. Such a step would result in a scale that genuinely reflected the principle of capacity to pay and put to rest the argument that the scale of assessments was a major factor in the failure of some Member States to meet their financial obligations to the Organization. In that connection, Member States should refrain from establishing a linkage between the current scale methodology and the non-payment of their assessed contributions.

84. The various elements of the scale methodology contained in the report of the Committee on Contributions provided a useful basis for negotiations on the issue of the next scale of assessments. With regard to ceilings, the United Nations should avoid excessive dependence on any single Member State for its financial underpinning. At the same time, however, the overriding concern in refining the scale should be the principle of capacity to pay. The current rate of assessment for the largest contributor was in fact below that Member State's capacity to pay. As a result, it was already being subsidized by the Organization's other Members, including the poorest among them. The largest contributor should therefore reciprocate the generous gesture by the General Assembly, which had set the maximum assessment rate at 25 per cent, by meeting its financial obligations to the Organization.

85. Lowering the ceiling to below 25 per cent would seriously obscure the relation between the contribution and the capacity to pay of the Member State concerned. In fact, the Fifth Committee and the General Assembly should consider adjustments to the ceiling that would more accurately reflect the true capacity to pay of the Member State in question. Should the Assembly decide, however, to maintain or lower the current ceiling, the points arising therefrom should be distributed only among the other major developed countries, since it would be inequitable for developing countries to bear any part of that responsibility.

86. The member countries of the East African Cooperation noted that the Committee on Contributions had decided to consider the procedures for the application of Article 19 of the Charter at an appropriate future session in the light of any policy guidance provided by the General Assembly. In their view, it was for that Committee, as an expert body, to give direction to the General Assembly on the issue. The members of the East African Cooperation supported policy guidelines that would lead to stricter application of Article

19 of the Charter and strengthen rule 160 of the rules of procedure of the General Assembly. Based on recent experience, however, they did not support the granting by the General Assembly of any waiver under Article 19 without prior consideration of the request by the Committee on Contributions. Such actions undermined the role of the Committee on Contributions and would lead to a situation in which the General Assembly took action from uninformed positions. They wished further to caution against the practice of seeking waivers under Article 19 without adequate supporting information to justify the request.

87. On the question of the assessment of non-member States, the General Assembly should take a decision on the suggestion by the Committee on Contributions that the current system should be replaced by a flat percentage applied to the notional assessment rates of non-member States. The new approach would make the assessment of non-member States simpler and more efficient and reflect the benefits accruing from their involvement in United Nations activities.

88. **Mr. Chandra** (India) said that it was difficult to see how the Secretary-General's millennium wish for the Organization could be fulfilled when for the first time that the Secretary-General could recall the funds owed to the Organization were greater than the current year's total assessments. As long as Member States failed to abide by their obligations under the Charter, the Organization would be unable to do any financial planning. Despite its own difficulties, India had always paid its contributions promptly and in full and expected other Member States to do everything possible to meet their obligations. The current financial crisis was the result of the non-payment of assessed contributions and not of any inherent defect in the existing scale of assessments, a revision of which India was willing to discuss purely on its merits. The scale methodology represented a very delicate political balance and a consensual approach was needed in any attempt to refine it. As a contribution to that process, his delegation wished to comment on the observations contained in the report of the Committee on Contributions.

89. On income measures, India agreed that estimates of gross national product (GNP) should be the basis for income measurement. Given the divergent views of Member States, a spirit of accommodation was needed in order to achieve consensus on the base period. India shared the Committee's views on conversion rates. The parameters for the debt-burden adjustment, however, should be debated at greater length during the current session with a view to reaching a consensus.

90. On the subject of the low per capita income adjustment, India shared the view of the Group of 77 that the gradient should be revised upward from the current 80 per cent. The floor for the period 2001-2003, however, should remain at 0.001 per cent. Concerning the ceilings, while a maximum assessment rate for the least developed countries was acceptable, the question of reducing the maximum assessment rate should in no way obscure the relation between a Member State's contribution and its capacity to pay.

91. With regard to the procedures for the application of Article 19, India was ready to consider any suggestion that would encourage timely, full and unconditional payments of assessed contributions. Budgetary surpluses should be distributed on a pro rata basis to those Member States that were current in their payments. India endorsed the Committee's views on the reimbursement of troop contributors, but wished to stress the importance of an early solution to the problem.

92. His delegation also accepted the Committee's views on incentive payments and credits and agreed with its observations concerning redeemable peacekeeping certificates. It was also prepared to consider the suggestion that arrears of assessed contributions should be subject to an interest charge or indexation, with exceptions being made for those Member States that faced genuine economic difficulties. The issue of ineligibility for election could be discussed further during the current session. Article 19, however, should remain the only criterion for ineligibility.

93. Concerning recruitment and procurement, while proposals restricting access to recruitment and procurement opportunities for citizens and companies of Member States in arrears might be acceptable, exceptions should be made for Member States that were in arrears because of genuine economic difficulties. Lastly, India was flexible about the concept of a multi-year payment plan.

94. **Mr. Sychou** (Belarus) said that his delegation associated itself with the statement made on behalf of the Non-Aligned Movement. It was understandable that Member States had always paid special attention to the methodology for determining the scale of assessments, since the successful functioning and stability of the Organization largely depended on how fairly its expenses were apportioned among its Members. The many changes introduced in the scale had not, however, served to improve it; indeed, some of those changes had been introduced for political reasons and had represented a significant departure from the basic principle of capacity to pay. The scale's injustice with respect to the full range of Member States had

made it impossible for some of them to pay their contributions in full and on time. In the case of Belarus, the substantial increase in its assessment at the forty-seventh session, together with the economic difficulties it had experienced during its transition to a market economy, had caused it to accumulate an enormous debt to the Organization.

95. Beginning in 1992, when United Nations peacekeeping operations had begun to expand rapidly, that debt had exceeded reasonable levels. Although the General Assembly had provided, in its decisions 48/472 and 49/470, that the country's arrears in the financing of peacekeeping operations up to 1996 should not result in the application of Article 19 of the Charter, it had not taken appropriate steps to correct the problem of unjustly accumulated arrears. He therefore called upon the Committee on Contributions to examine the reasons why countries accumulated arrears, as well as possible ways of settling those debts.

96. Capacity to pay must remain the chief criterion for the apportionment of the Organization's expenses. Belarus agreed with the Committee on Contributions that income should be calculated on the basis of GNP. The length of the base period should reflect changes in economic development and should preserve the stability of the scale. His delegation supported the proposed six-year base period, but was also willing to discuss the possibility of a three-year base period. It also supported the proposal to use MERs in future scales. The debt-burden adjustment should be retained and should be based on the repayment of total debt stocks; however, Belarus was also willing to consider basing it on actual principal repayments. The question of the ceiling should be considered with care at the current session. The low per capita income adjustment was another important element that should be retained. Belarus was prepared to discuss the possibility of a sliding gradient. His delegation had no objections concerning the floor of the scale or the phasing-out of the scheme of limits by the year 2001. The proposals on the indexation of arrears and on restricting access for Member States in arrears to the United Nations procurement system were unacceptable unless the reasons for the accumulation of arrears were taken into account.

97. **Mr. Fonseca** (Brazil) said that the basic principle for the elaboration of the scale of assessments was capacity to pay, which, though ideal, was difficult to put into practice. In refining the methodology for the preparation of future scales, the main objective should be to ensure greater predictability of the assessed contributions of Member States. The scale should therefore mirror in any given period the real economic, financial and budgetary conditions prevailing in Member States. Brazil was opposed to any artificial ceilings which might further distort the comparative capacity to pay of Member States.

98. In preparing the next scale, the base period of six years should be retained, since the use of a shorter base period would reflect too closely the effects of short-term economic volatility. GNP should also be retained as the first approximation of a country's capacity to pay.

99. The low per capita income adjustment was an extremely important element of the scale methodology. The gradient of the formula should be raised further from 80 per cent to 85 per cent in order to re-establish the level of benefit for countries below the threshold. Any attempt to further reduce the gradient would only aggravate the unfairness of the scale. A strong case could also be made for consideration by the Committee on Contributions of a possible increase in the threshold of the low per capita income formula. In the current economic circumstances, as world poverty increased, the threshold got closer and closer to the poverty level instead of reflecting the average distance between rich and poor. Consequently, developing countries and middle-income countries in particular had been penalized time and again with increases in their assessment rates resulting from the sharp reduction in the actual benefit of the low per capita income adjustment.

100. In order to ensure greater predictability in the scale of assessments, it was also necessary to mitigate the effects of discontinuity. As a country crossed the low per capita income threshold, the combined effect of losing the benefits of the adjustment and having to contribute to adjustment for Member States still below the threshold led to a sharp increase in its assessment. The solution to the problem should therefore include a gradual approach that would give countries crossing the threshold time to absorb the adjustment in their assessed rates.

101. With regard to the suggestion by the Committee on Contributions that the debt-burden adjustment based on the debt flow approach should be retained, Brazil was of the view that the debt stock approach would more accurately reflect the persistent structural constraints on the capacity to pay of heavily indebted developing countries.

102. The scale of assessments was not the cause of the Organization's current financial crisis and there was therefore little reason for radical changes in the scale methodology. The only solution to the problem was for all Member States to pay their assessed contributions in full, on time and without conditions.

103. **Mr. Herrera** (Mexico), speaking on behalf of the Rio Group, said that capacity to pay should be the main criterion

for the apportionment of the Organization's expenses. The Rio Group shared the view of the Committee on Contributions that GNP should be used to obtain a first approximation of Member States' capacity to pay. A fixed base period should be retained for the preparation of future scales in order to facilitate the allocation of resources for the payment by Member States of their assessed contributions. In calculating the debt burden adjustment, account should be taken of the total debt stock, including payment of principal and debt-servicing costs. With regard to the low per capita income adjustment, the level of the gradient could be adjusted upwards.

104. The Committee should seek an urgent solution to the inequitable situation of discontinuity experienced by two groups of States: Member States moving up through the low per capita income threshold between scale periods and those that were just above the threshold. The options available to those Member States were to cut back on social programmes in order to meet their financial obligations to the Organization or to delay the payment of their assessed contributions. It was therefore time for the General Assembly to consider whether the scale methodology should be changed to eliminate or mitigate the effects of discontinuity and, in doing so, to take into account the experience of the World Bank in the establishment of income thresholds.

105. Lastly, concerning the application of Article 19 of the Charter, the Rio Group was concerned at the situation of several Member States in the wake of successive natural disasters, which had obliged them to delay payment of their assessed contributions.

106. **Mr. Shen Guofang** (China) said that the principle of capacity to pay was the cornerstone for the assessment of contributions to the Organization and any deviation from it would be unacceptable to a majority of Member States. The best expression of that principle was the low per capita income adjustment, which took into account both a country's aggregate national strength and its per capita income. It was therefore regrettable that some Member States were insisting that permanent members of the Security Council should be excluded from the low per capita income adjustment and that a floor should be set for the assessment of their contributions. Such proposals were discriminatory and in contravention of the principle of capacity to pay.

107. The prolonged financial crisis was due not to the scale methodology but to the non-payment of assessed contributions by a small number of Member States. The crisis had interfered with the Organization's normal functioning, tarnished its reputation and undermined its role. Member States should therefore fulfil their financial obligations as stipulated in the Charter and pay their assessed contributions in full and on time in order to put the Organization back on a sound financial footing. China had no objection to an appropriate adjustment of the existing scale methodology aimed at bringing it further into line with the principle of capacity to pay. As its economy developed, China was ready to honour its financial obligations in accordance with that principle.

108. **Mr. Park Hae-yun** (Republic of Korea) said that, while not a perfect formula, the current scale methodology represented a compromise which had been achieved after protracted negotiations. The preparation of future scales should therefore build on the broad political consensus on which the current scale had been based.

109. With regard to the specific elements of the methodology presented in the report of the Committee on Contributions, the overall differences in the availability and reliability of data for GNP, compared with data for GDP, would not significantly affect the calculation of assessment rates. His delegation therefore endorsed the proposal that future scales should be based on estimates of GNP.

110. As a general principle, the base period should be kept constant in successive scale periods. While the current six-year base period represented a reasonable compromise, there was merit to both a shorter and a longer base period.

111. In considering the relative capacity to pay of Member States, realistic conversion rates must be used. The Committee on Contributions should therefore consider more systematic criteria for supplementing market exchange rates where use of such rates would cause excessive fluctuations in the income of some Member States.

112. The debt-burden adjustment, low per capita income relief and the floor rate were important elements in calculating the scale. The current low per capita income adjustment represented a balanced compromise and the minimum assessment rate for the period 2001-2003 should be maintained at 0.001 per cent. On the other hand, lowering the current ceiling of 25 per cent would aggravate the already serious deviation from the principle of capacity to pay.

113. **Mr. Rodríguez Parilla** (Cuba) said that the principle of capacity to pay should be retained as the main criterion for calculating the scale of assessments. The scale methodology should also include the criteria for conversion rates set out in General Assembly resolution 46/221 B; debt-burden and low per capita income adjustments; the criteria established in General Assembly resolution 43/223 B for

taking into account in calculating the scale of assessments other factors, including the situation of particular countries; the elimination of the ceiling, which was a serious distortion of the principle of capacity to pay; and a statistical base period of six years.

114. With regard to the application of Article 19 of the Charter, any consideration of that issue should take account of the serious economic situation of the developing countries, which precluded them from paying their assessed contributions. Concerning the procedural aspects of the consideration of requests for exemption under Article 19, his delegation shared the concerns expressed by the Committee on Contributions that it would not be appropriate for the Chairman of the Committee to seek the views of members by correspondence or for the Committee to meet using teleconferencing facilities. Cuba believed further that the General Assembly should fully exercise the functions assigned to it by the Charter, while the Committee on Contributions should play its appropriate advisory role.

115. On the subject of the financial crisis facing the United Nations, his delegation hoped that wisdom would prevail and that the Government of the United States would make timely and unconditional payment of its contribution, which was equal to only 0.00008 per cent of its national budget and 0.00002 per cent of its GDP. The attaching of political conditions to payments was improper and therefore unacceptable. Despite the serious difficulties which the United States blockade was causing to its economy, Cuba would continue to meet its legal obligation to share the expenses of the Organization.

Organization of work

116. **Mr. Odaga-Jalomayo** (Uganda) said that, based on considerations within the African Group of States, Uganda had decided to withdraw its candidacy to fill one of the seats that were due to become vacant on the Joint Inspection Unit. It wished to thank those Member States which had pledged their support for Uganda's candidacy and to assure them that the reciprocal arrangements which had been entered into would still be honoured.

The meeting rose at 6.20 p.m.